24 September 2013

SECURITIES AND EXCHANGE COMMISSION
Attention: Director Justina F. Callangan
Corporation Finance Department

PHILIPPINE STOCK EXCHANGE, INC.
Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Re: Filing of Dispute Notice

Gentlemen:

In relation to our disclosure dated 12 September 2013, please be informed that today, Manila Water Company, Inc. ("Manila Water") has formally filed a Dispute Notice and has provided copies thereof to the Metropolitan Waterworks and Sewerage System (MWSS).

The Dispute Notice commences the arbitration process and is being filed to contest the tariff determination made by the MWSS as contained in Resolution No. 13-09-CA dated 10 September 2013 of the MWSS - Regulatory Office and Resolution No. 2013-101-RO dated 12 September 2013 of the Board of Trustees of MWSS on the Rate Rebasing Adjustment for the Rate Rebasing Period 2013 to 2017.

We will disclose to the PSE any further development regarding the arbitration proceedings. Attached is the Official Statement of Manila Water in relation to the filing of the Dispute Notice.

Thank you very much.

Very truly yours,

Jhoel P. Raquedan
Chief Legal Counsel
Assistant Corporate Secretary
Manila Water issues Dispute Notice, goes into arbitration

East Zone concessionaire Manila Water Company has formally filed a Dispute Notice with the International Chamber of Commerce challenging the tariff determination recently released by the Metropolitan Waterworks and Sewerage System (MWSS). The issuance of the Dispute Notice officially commences the arbitration process.

Manila Water has decided to go into arbitration after MWSS, in its decision, cut away significant programs for building and maintaining water and wastewater systems in the East Zone which will severely compromise and impair the former’s ability to fulfill its service obligations to its customers.

The Concession Agreement (CA) between MWSS and Manila Water provides for a dispute resolution called arbitration to resolve disagreements, disputes, controversies or claims arising out of or relating to the CA or the interpretation or any arrangements or the breach, termination or invalidity (including all decisions by the Regulatory Office with respect to the Concession), which cannot be resolved through consultation or negotiation among the parties.

The Arbitration Panel, also called the Appeals Panel shall be appointed and will conduct proceedings in accordance with the arbitration rules of the United Nations Commission on International Trade Law.

The panel will be composed of three members: one member appointed by Manila Water and another member appointed by MWSS and the third member, the Appeals Chairman, appointed by the President of the International Chamber of Commerce.

Until the Appeals Panel arrives at a final decision on the tariff determination, existing water rates shall remain in effect.